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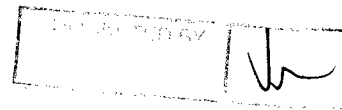
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Arizona Corporation Commission
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September 21, 2000

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Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Re: Docket No. T-00000A-97-238

To the Commission:

Enclosed for filing with the Arizona Corporation Commission, please find an original and fifteen (15) copies of Z-Tel Communications, Inc.'s comments in the above-referenced proceeding. Please date-stamp the additional copy, and return it to me in the enclosed self-addressed, stamped envelope.

Respectfully submitted,

Michael B. Hazard
Counsel to Z-Tel Telecommunications, Inc.

cc: Service List

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BEFORE THE ARIZONA CORPORATION COMMISSION

CARL J. KUNASEK
Chairman
JAMES M. IRVIN
Commissioner
WILLIAM A. MUNDELL
Commissioner

IN THE MATTER OF U S WEST)	DOCKET No. T-00000A-97-0238
COMMUNICATIONS, INC.'S)	
COMPLIANCE WITH SECTION 271)	
OF THE TELECOMMUNICATIONS)	UNE COMBINATIONS
ACT OF 1996)	

COMMENTS OF Z-TEL COMMUNICATION'S, INC.

Z-Tel Communications, Inc. ("Z-Tel"), by its attorneys, hereby submits these comments in response to the Commission's July 11, 2000 procedural order in the above-referenced proceeding. These comments address the provision of unbundled network element ("UNE") combinations by Qwest Corporation ("Qwest") to competitive local exchange carriers ("CLECs") in the State of Arizona.

I. INTRODUCTION

Z-Tel is a Tampa, Florida-based integrated communications provider that offers local, long-distance, and enhanced services to residential consumers. Z-Tel's residential service offering includes a package of long distance, unlimited local calling, voicemail, caller ID, "follow-me," and a number of other enhanced services. Residential customers also may purchase dial-up Internet access as part of their service package. Z-Tel delivers its telecommunications services to consumers using the end-to-end combination of "physical"

network elements known as the UNE Platform, or "UNE-P." Z-Tel presently provides its integrated residential product in Georgia, Maryland, Massachusetts, New York, Oregon, Pennsylvania, and Texas. Z-Tel plans to offer a similar product to residential consumers in Arizona during the fourth quarter of this year.

In these comments, Z-Tel submits that the Commission should require Qwest to implement and support a UNE-P product similar to that mandated by the State Commissions in New York and Texas. Residential competition is emerging in New York and Texas as a direct result of the UNE-P mandates of those State Commissions. Moreover, the robust UNE-P offerings in those States were critical to the Federal Communications Commission's ("FCC's") grant of section 271 authority to Verizon in New York and SBC in Texas. Action by this Commission to ensure the implementation of a similarly robust UNE-P offering will bring mass market competition to Arizona consumers and set the stage for Qwest's entry into the in-region, interLATA long distance market.

II. THE COMMISSION SHOULD LOOK TO THE UNE-P OFFERINGS IN NEW YORK AND TEXAS IN ORDER TO BRING MASS MARKET COMPETITION TO ARIZONA'S RESIDENTIAL MARKET

As demonstrated in New York and Texas, a robust UNE-P offering is fundamental to the development of mass market residential competition in local exchange markets. In New York and Texas the State Commissions cleared the way for mass market competition through comprehensive proceedings, which resulted in dramatic performance improvements by Verizon and SBC. Although the New York and Texas Commission's utilized somewhat different approaches in their local competition proceedings, several fundamental principles emerged from those proceedings that are critical to mass market competition. Z-Tel

respectfully submits that the Commission should follow these basic principles in this proceeding to encourage the emergence of mass market residential competition in Arizona.

**A. All Commission Rulings Related To The UNE-P And Other
UNE Offerings Should Be Made Available On An Expedited
Basis**

To ensure mass market competition, Commission rulings on the UNE-P and other UNE-related items must be implemented by Qwest quickly and made available to competitors on an expedited basis. If Qwest can avoid implementing Commission rulings through delay, or make it difficult for competitors to obtain the benefit of Commission decisions, mass market competition will not emerge in Arizona.

The New York Commission requires Verizon to tariff products implementing its UNE-related decisions, and any certificated CLEC can avail itself of a tariffed offering. Implementation of the New York Commission's decisions occurs quickly, as the New Commission directs Verizon to file compliance tariffs by a date certain. The Texas Commission, by contrast, requires SBC to implement Commission decisions in the Texas 271 Agreement, known as the "T2A," and CLECs may obtain the T2A through an expedited, five-day process. Carriers that utilize the T2A may avail themselves of arbitration awards issued through T2A litigation, even in cases where they were not parties to the underlying dispute. Although the New York and Texas processes are very different, the result is the same: CLECs are able to take advantage of Commission-mandated offerings quickly and efficiently.

The Arizona Commission should similarly act to ensure its decisions are implemented and made available to CLECs quickly. In so doing, Z-Tel recommends that the Commission implement an expedited process for adopting interconnection agreements under

section 252(i) of the federal Communications Act, and develop expedited processes for the implementation of Commission decisions.

B. CLECs Must Have The Ability To Obtain New And Existing UNE-P Combinations From Qwest

The development of mass market competition requires that CLECs have the ability to obtain new as well as existing UNE-P combinations. A customer that comes to Z-Tel or to another competitor for local telephone service should have the ability to stay with Z-Tel and to receive additional services from Z-Tel. Without the ability to obtain “new” UNE-P combinations, Z-Tel would lose the ability to provide service to a customer that moves from one location to another – even when an end user moves within the same apartment building or neighborhood. Without the ability to obtain “new” UNE-P combinations, Z-Tel would be unable to offer second lines to consumers. In sum, without “new” UNE-P combinations, CLECs will have only a limited ability to develop and maintain long-term relationships with end users.

In New York and Texas, the State Commissions require the incumbent to provision “new” combinations in addition to existing combinations. Mass market competition in Arizona similarly requires that this Commission maintain its position that Qwest must provision “new” UNE-P combinations.

C. Nonrecurring Charges For UNE-P Migrations Must Be Reasonable

Mass market competition also requires that the Commission set reasonable non-recurring charges for basic operations support system (“OSS”) transactions, such as UNE-P migrations. At present, the non-recurring OSS charge for the most basic UNE-P migration in Arizona costs over \$80.00 per residential telephone line. Such a high non-recurring OSS charge

for a basic customer migration greatly constrains mass market competition, due to the number of months it would take a CLEC to recoup this charge. For example, Z-Tel's integrated package of local, long distance, and enhanced services costs approximately \$50.00, and with this average monthly bill per end user, it would take Z-Tel between four and six months to recoup the existing Arizona non-recurring charge for a UNE-P migration. High non-recurring charges for basic OSS functions also discourage the incumbent from improving OSS functionality. If an incumbent can earn substantial revenues by putting in place inefficient OSS, then an incumbent will provide inefficient OSS. An incumbent will have no incentive to develop efficient OSS unless it will obtain a direct benefit from doing so.

In New York the non-recurring OSS cost for a UNE-P migration is slightly over \$2.00, and Verizon is widely regarded as having the most robust OSS available. In Texas, the non-recurring OSS cost for a UNE-P migration is over \$20.00, and although Z-Tel believes this charge to be excessive, competition is developing in Texas. To ensure mass market competition for local exchange service, Z-Tel believes that the non-recurring OSS provisioning charge for a UNE-P migration should approximate the non-recurring cost of a long distance "PIC" change, which presently costs approximately \$5.00. At bottom, high non-recurring charges substantially limit the ability of carriers such as Z-Tel to mass market local exchange service to residential consumers. By maintaining reasonable OSS charges for UNE-P migrations, the Commission will encourage mass market entry and will encourage Qwest to improve the efficiency of its OSS.

**D. UNE-P Migration Orders Must Flow Through Qwest's OSS
And Be Provisioned With Certainty**

In order to provide predictable service to end users, UNE-P migration orders must flow through Qwest's OSS and be provisioned quickly and with certainty. UNE-P migration orders are fundamental to mass market competition, and should be no more difficult than a long distance "PIC" change to provision. CLECs must receive Firm Order Confirmations ("FOCs") and provisioning must be completed in short and predictable time frames. Obtaining these goals requires that the incumbent completely replace manual processes with electronic processes for UNE-P migrations.

The New York and Texas Commissions have required Verizon and SBC to develop fully-mechanized systems for UNE-P migrations, and this requirement has enabled Z-Tel and other competitors to provision large volumes of orders on a daily basis. In each of these states, Z-Tel receives FOCs for migration within approximately two hours of submission, and end users are fully migrated to Z-Tel within approximately three days. Without the ability to provision high volumes of orders in short and predictable intervals, neither Z-Tel nor others could provide mass market local exchange service in New York and Texas. To bring this type of competition to Arizona, this Commission should mandate that Qwest take the steps necessary to implement fully automated OSS for UNE-P migrations and provision such UNE-P migrations in short and predictable intervals.

**E. CLECs Must Have The Ability To Utilize UNEs And UNE
Combinations To Deliver Calls Throughout A LATA**

The Commission should clarify the CLECs may utilize UNE combinations, including the UNE-P to originate and deliver any type of call within a LATA, including intraLATA toll calls. In some states, incumbent carriers have taken the position that CLECs

must deliver intraLATA toll calls to an interexchange carrier, rather than over UNEs. Under this scenario, the interexchange carrier has to deliver UNE-P originated intraLATA toll calls to the incumbent and pay intrastate terminating access charges. Such an access requirement artificially raises CLEC costs, and results in discrimination against CLECs. Qwest presently offers and provides intraLATA toll service to end users in Arizona, and Qwest utilizes its interoffice network – not an interexchange carrier – to complete intraLATA toll calls. Basic principles of nondiscrimination require that CLECs should have the ability complete intraLATA toll calls in the same way in which Qwest completes such calls – using the existing interoffice network purchased as part of the UNE-P, and not through an access provider.

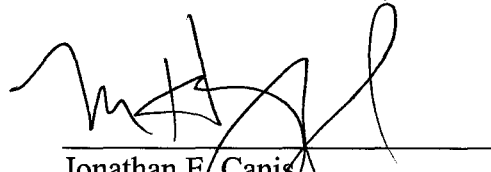
In accordance with the nondiscrimination requirements of the federal Communications Act, the New York and Texas Commissions require Verizon and SBC to permit CLECs to deliver any call within a LATA over UNEs and the UNE-P. This requirement encourages competition by enabling CLECs to utilize the incumbents' interoffice networks in the same way the incumbents utilize their networks. The Commission should adopt this approach to help ensure that competitors can compete in the mass market against Qwest using the UNE combinations, such as the UNE-P.

III. CONCLUSION

Consistent with the discussion herein, the Commission should require Qwest to provide UNE combinations, including the UNE-P, in a manner that is consistent with the federal Communications Act, and likely to result in mass market competition in State of Arizona.

Respectfully submitted,

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Dated: September 21, 2000

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CERTIFICATE OF SERVICE

I, Charles M. Hines III, hereby certify that a true and correct copy of the foregoing “Z-Tel Comments; AZ Docket No. T-00000A-97-238” was delivered by overnight delivery or first-class mail this 21st day of September, 2000 to the individuals on the following list:

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A handwritten signature in black ink, appearing to read "Charles M. Hines III", written over a horizontal line.

Charles M. Hines III